

Attachment A
Board Questions & Information Requests

General/Overview

1. Does BHE have a proposed procedure for addressing disputes with farm tap customers?
 - a. Response: Yes. If the proposal is approved by the Board, BHE will develop a formal process to ensure farm tap customers can contact BHE local supervisors. In the event of a dispute, the customer will speak directly with a local supervisor who makes maintenance, testing, line extension and replacement decisions based on the Iowa tariffs, Board regulations and BHE's O&M manual. Issues that are not addressed in those documents will be elevated to the district manager, then the state Director of Operations, then to the state Vice President of Operations.
2. Provide a brief history of the rates that BHE has charged farm tap customers.
 - a. Response: BHE's Iowa farm tap customers have primarily been served under the General Service – Residential rate IA001 or General Service – Commercial rates IA050 or IA051 since the 1990s. BHE does not possess records to verify rates for these customers prior to that time. There are a few customers that are being served under Small Volume rates IA126, IA127 or IA 571 and Large Volume rate IA201.
3. What is the estimate of the average investment per farm tap customer both before and after implementation of the proposal, and how does that compare to BHE's average investment per customer?
 - a. Response: BHE currently has no investment in farm tap assets, so the current investment per farm tap is zero. If the Board approves the proposal submitted by BHE, and if all of the customer-owned fuel lines are replaced at an average cost of \$10 per lineal foot, the total investment would be \$13.6 million, or \$8,564 per line. BHE does not calculate a cost of service model or attempt to assign costs to classes between rate cases, so this is merely an estimate. For comparison, in BHE's 2010 rate case, the rate base assigned to the General Service class was \$99.7 million, which represented an average net book value of \$673 per General Service customer.
4. Does the Board have statutory authority to order/allow the discontinuation of service to a farm tap customer?
 - a. Response: BHE has not asked the Board to order or allow the discontinuation of service to a farm tap customer, and the company does not wish to discontinue service to any customers. BHE has asked the Board to approve a tariff that, as a condition of service,

requires company-owned service lines to pass current safety standards and to allow BHE technicians access to the facilities. These conditions of service are consistent with those listed on BHE tariff Sheet 19. If a farm tap customer chooses not to comply with these conditions, the customer will effectively make a choice to terminate natural gas service. If this occurs, BHE will work with the customer to convert to another fuel.

5. How will BHE determine where a line will be installed, if a new location is required?
 - a. Response: BHE will normally lay new pipe in a direct line from the farm tap to the location of the regulator on the premises. However, BHE expects unique circumstances at most farm taps and will try to accommodate customer requests and to minimize the risk of future damage to the line from farming operations or road construction. If a customer requests a specific path for its line, BHE will try to accommodate the request. If the request results in an increase in line footage, BHE proposes to charge time and material for the additional footage. BHE is asking the Board to allow flexibility to accommodate customer requests and is willing to report these requests in BHE's annual farm tap replacement progress report to the Board.
6. How does BHE plan to apply this proposal to farm taps that may be abandoned by Northern Natural Gas?
 - a. Response: BHE has already worked with several farm tap customers who have been notified by Northern Natural Gas (NNG) that they will lose natural gas service due to abandonment of the NNG "A" Line. In one instance near Ogden, Iowa, BHE has proposed a new tap on the NNG "B" Line so that BHE can run distribution piping to four current and/or former farm tap customers located nearby. BHE will continue to work with NNG to continue service to farm taps scheduled for abandonment on the NNG "A" Line. The cost of a new tap off the NNG lines is currently more than \$60,000. If BHE cannot "bundle" several customers into a small distribution system to justify the investment of this magnitude, BHE will work with the customer and NNG to find the best alternative for the customer.

Maximum Allowable Operating Pressure (MAOP) Testing

1. What method will BHE follow for the MAOP pressure tests?
 - a. Response: BHE will follow the current BHE O&M Manual procedures for line testing. The relevant test is shown below:

65.2 TEST FOR SERVICE LINES

65.2.1 PLASTIC SERVICE LINES

- A. Test Pressure: The test pressure must be at least 150% of the maximum allowable operating pressure or 90 psig, whichever is greater. However, the maximum test pressure cannot be more than three times the design pressure of the pipe (reference O&M 74.1.2 for design pressures). [192.513(c)] [192.619(a)(2)(i)]
- B. Test Duration: Plastic service lines will be tested for the duration in the table below. [Taken from MI192.511]

Pressure Test Duration Requirements for Plastic Service Lines				
Pipe Size (inches)	10 minutes	1 hour	4 hours (Chart Required)	8 hours or overnight (Chart Required)
Less than 2	< 500 feet	500-1000 ft	> 1000 ft	
2-6		<1000 ft	1000-2500 ft	> 2500 ft
8 and over		<500 ft	500-1000 ft	> 1000 ft

2. How will BHE address the loss of service during the testing process and what arrangements will be made with the customer?
 - a. Response: BHE will perform these tests and handle service interruptions just as it does today for any similar line replacement. BHE will perform most tests in the spring (prior to crop planting but after extremely cold weather) or fall (after crop harvesting). BHE will contact each customer and make appointments to perform the tests when the customer is home and on days when a heating interruption is acceptable to the customer. If the line does not pass testing, the replacement will be scheduled immediately. If the testing identifies unsafe conditions that require the line to be immediately taken out of service, BHE will replace the line as soon as possible to minimize service interruption.
3. If the line leaks or fails during the test, who is responsible for repair of the line?
 - a. Response: If the line leaks or fails the test, BHE will replace the line.

Installation Costs

1. What is the basis for BHE's estimated installation cost of \$10 per lineal foot?
 - a. Response: The \$10 per lineal foot estimate is based on BHE's experience. This estimate is consistent with the replacement cost of the many service lines replaced and submitted as eligible investments in BHE's investment tracker filings.
2. What will BHE do if it encounters a situation where the installation cost is significantly greater than the estimated \$10 per lineal foot?
 - a. Response: BHE expects some lines will cost more than \$10 per lineal foot (for example, when a line is replaced under concrete) and others to cost less. BHE expects the average cost to be at or below \$10 per

lineal foot. If the expected installation cost is more than \$10 per lineal foot, BHE will consider an alternate route or other solution to reduce the cost. BHE has reviewed aerial images and maps of all of its Iowa farm taps and does not see any situations that will result in significantly greater costs.

3. What is the basis for the \$5 per lineal foot price that BHE is proposing to pay to customers for lines that are less than five years old and pass the MAOP test?
 - a. Response: BHE selected this figure as a starting point for discussions to accommodate concerns raised by customers at comment meetings. The company is open to any reasonable amount and acknowledges that it is less costly to purchase lines that pass testing than to lay new line.

Provide the Following Data for Each Farm Tap Customer in an Excel Spreadsheet:

a. Identifying Customer Information

- i. Name;
- ii. Address;
- iii. City;
- iv. State; and
- v. Identify State-owned facilities.

Response: Please refer to the attached spreadsheet titled “BHE farm tap customer data.” Please note this information has been submitted in both confidential and public versions. These data are for 2015. There are more lines of data than the number of farm taps due to account changes during 2015 (e.g., a customer change).

BHE’s system does not specifically identify state-owned facilities. BHE has attempted to identify state-owned facilities based on customer names.

b. Line Length / Overlap

- i. Indicate the estimated line length from the meter at the tap to the customer’s regulator(s) at their premise.
- ii. If multiple customers are serviced off of one interstate pipeline meter (tap), provide a notation to identify which customers are part of a particular common service grouping, and indicate which lines are primary and which are secondary for each grouping. (Primary means the customer’s line taps directly into the pipeline. Secondary means the customer’s line taps directly into another customer’s line.)

- iii. Indicate whether the customer's line begins at the interstate pipeline meter (tap) or downstream of the interstate pipeline meter (tap).

Response: Please refer to the attached spreadsheet titled "BHE 2013 farm tap survey" for estimated lengths. Please note this information has been submitted in both confidential and public versions. These data are from a survey done by BHE in 2013. The data have not been maintained and cannot be easily reconciled with current billing system data. The common field between the survey file and billing system records is Meter Number. Many of these meters have been changed since the survey was done. Many of the current meters are either completely different meters or have changed locations. BHE believes the survey information is sufficiently reliable to identify the approximate length of the farm tap lines. If the Board were to require a new survey to update information on each customer, the new survey would take several months to complete.

BHE does not have detailed records of the current farm taps in place and thus is unable to respond to parts ii. and iii. of this request.

c. **Annual Consumption for Calendar Year 2015**

- i. Indicate the applicable unit of measure (i.e. Dth or Therms).

Response: Please refer to the attached spreadsheet titled "BHE farm tap customer data." Please note this information has been submitted in both confidential and public versions. Annual 2015 consumption for each farm tap customer has been provided in Therms.

d. **Tariff / Service Information**

- i. The tariff applicable to each customer (i.e. Rate Schedule GS-1 / sheet number 98; Rate Schedule SVJ-1 – sheet number 100, etc.);
- ii. The customer's rate classification (i.e. residential, commercial, industrial, small volume transportation, etc.); and
- iii. Type of service (i.e. firm, interruptible, etc.).

Response: Please refer to the attached spreadsheet titled "BHE farm tap customer data." Please note this information has been submitted in both confidential and public versions.

e. **BHE's Current Knowledge of Existing Farm Tap and Customer Line**

- i. Installation date;
- ii. Current condition;

iii. Material.

Response: BHE does not own any of these assets, so it does not have detailed records of the current farm taps in place and is thus unable to respond to this request.